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of the  
**Secretary of the Treasury**  
on the  
**State of the Finances**

*For the Fiscal Year Ended June 30, 1961*



between Federal Reserve Banks and other Government depositaries; participation in planning Treasury financing operations; general direction of fiscal agency operations of the Federal Reserve Banks; and the Treasury's central agency participation in the joint financial management improvement program along with the Bureau of the Budget and General Accounting Office.

Treasury Order No. 148 (Revision 10), dated March 2, 1961, assigned to the Fiscal Assistant Secretary responsibility for general supervision of the Office of Defense Lending.

The reports of the Bureau of Accounts, Bureau of the Public Debt, and Office of the Treasurer of the United States, which follow, explain the operations under the responsibilities of the Fiscal Assistant Secretary.

#### BUREAU OF ACCOUNTS

The Bureau of Accounts was established by the President's Reorganization Plan III, dated April 2, 1940, and reorganized by Treasury Department Order No. 164, dated December 12, 1952.

The Bureau's functions, which are mainly of Government-wide scope, include: Maintenance of the Government's system of central accounts; issuance of the Government's central financial reports; accounting and reporting for foreign currencies in the custody of the Secretary of the Treasury; disbursing for virtually all civilian agencies of the Government; participation with the Office of the Fiscal Assistant Secretary in the joint financial management improvement program; general direction and designation of Government depositaries; determination of qualifications and underwriting limitations of surety companies to write fidelity and other surety bonds to cover Government activities; investment of social security and other trust funds; administration of loans and advances by the Treasury to Government corporations and other agencies; technical guidance to Treasury bureaus and other executive agencies on accounting systems and related matters; and general direction of fiscal internal auditing within the Department.

The Bureau also administers the payment of claims under certain international agreements; maintains accounts and collects amounts due from foreign governments under lend-lease and other agreements; and performs such other fiscal work as may be required.

#### Accounting and Reporting

##### Accounting systems

Procedural changes resulting from operations of the Accounting Systems Division during the fiscal year 1961 were as follows:

Department Circular No. 945 was revised on January 17, 1961, modifying Treasury accounting relationships with all agencies for which the Treasury disburses. Effective July 1, 1961, Treasury regional offices will keep a single account with each agency accounting station concerned in lieu of an account for each appropriation, fund, or receipt classification. The agency accounting stations will report to the Treasury monthly the transactions based on their own accounts, classified by appropriations, fund, and receipt accounts.

Further information on this subject is presented under "Central Accounting."

Under the joint financial management improvement program, staff of the Accounting Systems Division participated in a study to explore improvements in all financial aspects of reimbursable programs of Government agencies and in continuing studies concerning accrual accounting and cost-based budgeting.

The staff also dealt with depositary receipt procedures; prepared regulations for substitute checks drawn on depositaries; developed procedures and agreements with the Department of Labor required by the Employment Security Act of 1960 (42 U.S.C. 1101-1104); participated in fiscal arrangements incident to food stamp operations; and assisted the Civil Service Commission on fiscal procedures for the Federal employees' health benefits program.

Other staff work included: Preparation of an accounting manual for cash operations of the Treasurer of the United States; serving on the Interbureau Committee on Automatic Data Processing; assistance relating to new legislation on extended unemployment benefits and extension of benefits under the Social Security Act Amendments of 1961 (75 Stat. 131); recommendations on accounting for seized property; and development of the Department's annual report for the joint financial management improvement program.

In the departmental area, staff assistance was furnished also in such matters as: Bureau manuals and procedural instructions; guidelines for departmental accounting policy; participation with the General Accounting Office and the Bureau of Customs in a study of Customs accounting; participation in the electronic data processing program of the Internal Revenue Service; proposals on Mint financing and accounting; and assistance to the Bureau of Narcotics, the U.S. Secret Service, and the Office of Administrative Services in accounting.

##### Central accounting

The Division of Central Accounts maintains the central accounts for the receipts, expenditures, appropriations, and related cash operations of the Government in accordance with section 114 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 66b), and Treasury Department Circular No. 945, as amended. The central accounting system integrates the transactions of all collecting and disbursing officers and the Treasurer of the United States, the appropriation, fund, and receipt accounts of the Government, and budget results, with a disclosure of the related cash assets and liabilities. The Division also prescribes official appropriation, fund, and receipt account symbols and titles and issues appropriation warrants pursuant to law.

By means of deposit in transit accounts, the system of central accounts provides Government-wide control with respect to deposits reported by collecting and disbursing officers for credit to the account of the Treasurer of the United States. It also provides overall control concerning data on checks issued reported by disbursing officers, tied in with the detailed check reconciliation of disbursing officers' accounts by the Office of the Treasurer of the United States.

and anchored to the expenditure data affecting appropriations and funds.

The central accounts system furnishes the accounting base for classified receipts, expenditures, and other data required for the official central reports, including for example, the *Monthly Statement of Receipts and Expenditures of the United States Government* and the annual *Combined Statement of Receipts, Expenditures and Balances of the United States Government*.

Revised procedures were developed, effective July 1, 1961, whereby Treasury regional accounting offices will keep control accounts for the aggregate of transactions at the level of each agency accounting station for which the Treasury disburses. Agency accounting stations will furnish the Treasury with monthly statements of their transactions classified according to the individual appropriation, fund, and receipt accounts involved, based directly on their own records. The classified transactions so reported must be in agreement with the control accounts maintained in the Treasury regional accounting offices.

The monthly statements submitted by agency stations will be taken up in the central accounts, serving to disclose the Government's cash operations and budget results. As a result, the accuracy of classified data in the central accounts and validity of the related financial reports, in large measure, will rest on the accounts of the administrative agencies.

Certificates of deposit and related documents will be forwarded by the Federal Reserve Banks directly to the central office of the Division of Central Accounts instead of to the Treasury regional accounting offices. Agency stations will furnish the Treasury with the totals of their deposits, classified as to the month in which the deposits are confirmed by depositaries as credited to the general account of the Treasurer of the United States. This will be the basis for maintaining the central "deposit in transit" accounts at the level of each agency accounting station within the Treasury disbursing area, thereby providing a direct accounting control between each collecting agency making deposits and the Treasurer of the United States.

The volume of accounting items processed through the central and regional accounting offices of the Division of Central Accounts during the fiscal years 1960 and 1961, is shown in the following tabulation.

Classification	Work volume	
	1960	1961
	Number	
Receipts.....	1,532,873	1,449,428
Expenditures.....	2,785,345	2,692,963
Other items.....	13,727	13,396
Total.....	4,331,945	4,155,787

#### Central reporting

With the collaboration of Government agencies, staff of the joint financial management improvement program, and users of reports, various central reporting improvements were made during fiscal 1961.

A survey of Government-wide financial reports was made jointly with the Bureau of the Budget and General Accounting Office. Its purpose was to identify and review existing reports; to determine whether they meet the informational needs of persons who have a continuing interest in the Government's financial operations; and to make recommendations for a coordinated system of reporting that adequately meets the needs of the public. An inventory of reports was issued and many users were interviewed. As a result of the survey, a report was submitted containing recommendations for improving the scope of Government-wide reports.

A survey of accounts and procedures of the Department of State, with respect to Foreign Service and U.S. disbursing officers, was made under the joint financial management improvement program.

The principal reports compiled in the Division of Central Reports are: The *Monthly Statement of Receipts and Expenditures of the United States Government*, the monthly statement of *Budgetary Appropriations, and Other Authorizations, Expenditures and Unexpended Balances*, the monthly *Treasury Bulletin*, the annual *Combined Statement of Receipts, Expenditures and Balances of the United States Government*, the *Annual Report of the Secretary of the Treasury*, quarterly *Report on Foreign Currencies in Custody of the Treasury Department*, and monthly and quarterly reports on foreign currency transactions under Public Law 480, as amended. Some improvements made in these reports during the year were as follows:

*Monthly Statement of Receipts and Expenditures of the United States Government*.—Additional data were provided by including a special table on interfund transactions; by further classification of expenditures according to major functions; and by reporting transactions in trust revolving funds on a gross basis.

*Combined Statement of Receipts, Expenditures and Balances of the United States Government*.—Additional information was provided by a breakdown of unpaid obligations as to accounts payable and undelivered orders.

*Treasury Bulletin*.—Several new tables were added, including a statement of interfund transactions of budget receipts and expenditures; nonguaranteed obligations of Federal agencies issued and outstanding; public debt securities held by certain savings and loans associations and other corporations; and a calendar year summary table on internal revenue collections by States and major tax classes. The section on financial statements of Government corporations and public enterprise funds was expanded to include additional data on loans outstanding.

#### Control of foreign currencies

By legislative enactments and Executive Order No. 10900, dated January 5, 1961, operations during the fiscal year 1961 continued to expand in the custody, acquisition, purchase, deposit, transfer, and sale of foreign currencies.

As a result of legislation, sales of surplus agricultural commodities for foreign currencies were increased, new programs financed with foreign currencies were established, and additional dollar appropriations were provided for the purchase of currencies available for U.S. uses. The transfer of certain functions from the Bureau of the Budget also added to the workload of the Bureau in foreign currency operations.